

# REINVESTMENT UPDATE

A publication of the San Diego City-County Reinvestment Task Force

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**Reinvestment Update** is a publication of the City-County Reinvestment Task Force. The Task Force's mission is to

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## Task Force Works with Annie E. Casey Foundation

For more than half a century, the Annie E. Casey Foundation has worked to build better futures for disadvantaged children and their families in the United States. Their mission is to foster public policies, human service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families.



*Making Connections* is the centerpiece of the Casey Foundation's multi-faceted effort to improve the life chances of vulnerable children by helping to strengthen their families and neighborhoods. *Making Connections* will begin with a three-year demonstration phase in which the Foundation will work with neighborhoods in 22 cities to promote programs, activities, and policies that contribute to strong families.

After three years, sites should emerge with a stronger and more interconnected array of neighborhood-level programs and activities that promote family strengthening. At that point the Foundation expects to extend and deepen their commitment over the next decade in those sites where the policy climate offers genuine promise for meaningful and durable change.

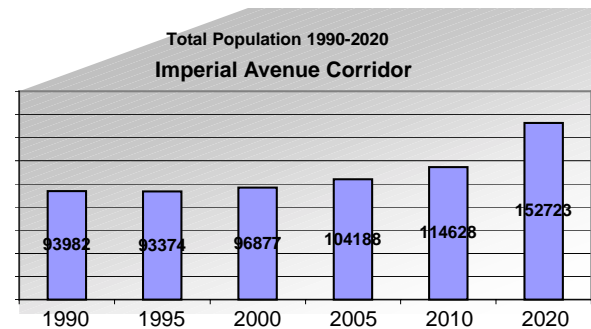
One of the sites the Casey Foundation is considering is the Imperial Avenue Corridor, which includes the neighborhoods of Barrio Logan, Logan Heights, Sherman Heights, Grant Hill, Stockton, Mt. Hope, Chollas View, Mountain View, Lincoln Park, Southcrest, and Shelltown. This area has the highest concentration of people of color and low-income households within the City of San Diego.

The Task Force, in collaboration with Steve Bouton of *Bouton & Associates*, prepared a socio-economic review for the Foundation that analyzed population, income, and employment characteristics, land use, housing needs, the availability of capital, and the distribution of banks within the study area. The findings were presented to the Casey Core Partners meeting on June 6.

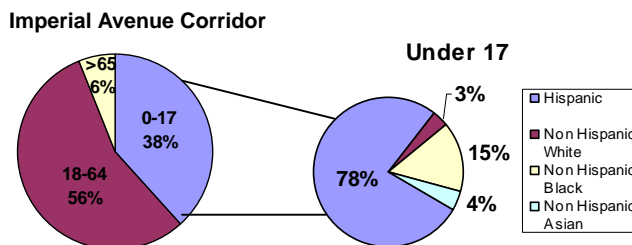
*-see page 2 for a review of the findings*

## Task Force Works with Casey Foundation (continued from page 1)

Population in the Imperial Avenue Corridor will increase from 96,877 in 2000 to 152,723 in 2020, based on SANDAG estimates, a 57.6% increase. Regional population growth from 2000 to 2020 is estimated at 30.8%. According to the 2000 census, 67% of the residents in the study are of Hispanic descent, compared to only 25% in the county.



### Age Distribution



The rapid population growth will occur in part because 38% of the residents are 17 and under compared to only 27% in county. 78% of the population 17 and under are of Hispanic descent. As a result, the Hispanic population is projected to represent approximately 75% of the total population by 2020.

The study area is expected to show moderate increases in household income from 2000 to 2020, however the area continues to show one of the highest concentrations of low-income households compared to the county income distribution. It is estimated that by 2020, over 44% of the households within the Imperial Avenue Corridor will have annual household incomes less than \$25,000. This compares to 21% for the county.

The following tables show the top ten lenders for small business loans in 1998 and home mortgage loans in 1999. The study findings show that residents are not getting their proportionate share of bank loans. Basic banking services are also less available, as there were approximately 6,440 households per bank branch in the Imperial Corridor in 2000, more than 3 times greater than the county average of 2,025 households per branch. At least one of the top ten mortgage lenders is a subprime lender.

Top Ten Lenders 1998 CRA Small Business Loans (\$000)	
Union Bank	\$ 6,951
First National Bank	\$ 6,641
Bank of Commerce	\$ 2,145
Penninsula Bank	\$ 2,003
Bank of America	\$ 1,792
Wells Fargo Bank	\$ 1,688
California Bank & Trust	\$ 1,508
San Diego National Bank	\$ 1,278
Bank of Coronado	\$ 1,010
Ranch Santa Fe National Bank	\$ 800

Casey Study Area Top Ten HMDA Lenders 1999		
Name	Number Applications Approved & Taken	Total Loan Amount (\$000)
Washington Mutual	116	\$ 17,042
Bank of America	93	\$ 7,007
Greenpoint Mortgage Funding	54	\$ 5,433
Countrywide Home Loans	53	\$ 4,743
Old Kent Mortgage Company	39	\$ 4,278
North American Mortgage Co.	36	\$ 3,814
Downey Saving & Loan	33	\$ 3,151
World Savings & Loan	30	\$ 2,460
First Franklin Financial Corp	29	\$ 2,130
Accubanc Mortgage Corp.	28	\$ 2,778

The study concludes with some general suggestions for policy directions that can help build a framework for continued discussion during the ongoing Casey organizing process. What remains to be identified are specific programs to implement the policy guidelines. For more information or a copy of the study call the Task Force at 858 694-4873.

## CDC Small Business Launches SBA Microloan Program

After an eighteen-month process of gathering information and data to support CDC's qualifications, CDC Small Business Finance was notified in February that it had been approved by the federal government as an intermediary lender for the SBA Microloan Program. The announcement was made at the April 11 SBA Lender's Breakfast Club Meeting.

The Microloan Program offers funding to non-profit organizations, with proven experience in microenterprise development, for the express purpose of providing small loans and integrated business based technical assistance to newly established, or growing small business concerns.

Organizations selected as intermediary lenders shall assist women, low-income, and minority entrepreneurs, business owners, and other individuals possessing the capability to operate successful business concerns including those in areas suffering from a lack of credit due to economic downturn. Intermediary lenders are required to offer, as an integral part of the lending process, business based technical assistance to entrepreneurs and small business owners obtaining, or attempting to obtain, funding under the Program.

The maximum loan amount under this program is \$35,000. In certain circumstances the loan can be a participant in a larger loan to a qualified borrower. For more information contact CDC Small Business Finance at (619) 291-3594 or the SBA San Diego district office at (619) 557-7250.

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## SEDC to Develop Technical Assistance Program

In 2000, the Task Force convened a committee of lenders, technical assistance providers, and community and government representatives to strategize on how to bring high quality technical assistance to the more fragile businesses in San Diego. Using grant funding from US Bank, the committee wrote a business plan for a web-based technical assistance delivery system that addressed the need for a centralized, easily accessible program that will deliver services in a collaborative manner.

The Southeastern Economic Development Corporation (SEDC) is currently pursuing funding to develop a web-based technical assistance service delivery system based on the findings of the business plan. This integrated system will expand the number of local business owners that qualify for small business loans and have a profound and positive impact on many other aspects of their business.

The program will be designed to:

- ✓ Allow bankers to refer business customers that are not qualified for traditional commercial banking products,
- ✓ Provide content and access to a variety of alternative lending products and sources, and
- ✓ Deliver business education and assistance to make small business borrowers more lendable

This project is a coordinated effort between SEDC and the Small Business Development & International Trade Center (SBDITC). SEDC will house the technical assistance website and a new entrepreneur academy. SBDITC will provide the onsite technical assistance training and educational workshops. The Task Force will help coordinate the participation of the lenders and TA providers.

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## RFQ for Equity Funds Approved

An advisory committee has been meeting monthly to oversee the development of a San Diego based equity capital collaborative that will provide reinvestment opportunity for underserved areas of the San Diego region. The Capital Collaborative (the Collaborative) is a proposed multi-product "family of equity funds" consisting of separately managed funds under an umbrella administration.

To insure that they hire the most qualified firm to develop the Collaborative, the oversight committee drafted a Request for Qualifications (RFQ). The RFQ outlines the process the committee will follow to select the fund developer. Interested parties will submit a response that details their qualifications and includes a proposed work plan. Each proposal will be evaluated based on criteria defined in the RFQ.

The Task Force board approved the RFQ at their June 21 board meeting. Invitations for responses will be mailed shortly. For more information call the Task Force at (858) 694-4873.

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## California Senate Drafts Predatory Lending Bill

California State Senator Joseph Dunn has written legislation that enacts the Home Loan Protection Act, which imposes various requirements on lenders and home loans. According to Dunn's office, "SB 608 provides the most comprehensive consumer protection to date for borrowers of high-interest loans in California."

This bill prohibits a lender of a "covered loan" from engaging in specific acts that are considered predatory, such as gregarious fees, prepayment penalties and loan flipping. This bill also specifies that any person who violates any provision of the federal Home Ownership Equity Protection Act violates the provisions of this bill.

Opponents of the bill argue that it is too overreaching and will cover loans that are not considered predatory, but just have a high rate. Supporters contend that the current federal HOEPA law only covers a fraction of loans in which abuses generally occur and a wider "net" is needed to capture these loans.

Currently the Banking Committee is holding weekly meetings to discuss key issues in the bill. For more information call Senator Dunn's office at (916) 445-5831.

### City-County Reinvestment Task Force

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